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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, May 20

NIKKEI (Page 2) (Full)  
May 21, 2009

7:26 Met deputy chief cabinet secretaries Matsumoto and Asano at the Kantei. Asano stayed on.  
09:00 Attended an Upper House Budget Committee meeting.  
12:02 Met Consumer Affairs Minister Noda and Chief Cabinet Secretary Kawamura at the Kantei.  
13:00 Attended the Upper House Budget Committee meeting.  
17:00 Met Kawamura and Upper House Budget Committee principal director Iwanaga. Afterward, met JCP Chairman Shii and Head of Secretariat Ichida, in the presence of Kawamura.  
17:47 Met Prime Minister Bouasone of Laos at the Kantei.  
18:39 Met Minister Mentor Lee Kuan Yew of Singapore.  
19:31 Met Kawamura.  
19:50 Dined at a Hotel Okura restaurant with news organizations' senior writers and others.

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22:05 Returned to his official residence.

4) President Obama decides to pick Roos as U.S. ambassador to Japan, but ties to Japan are weak

SANKEI (Page 8) (Full)  
May 21, 2009

Takashi Arimoto, Washington

U.S. President Barack Obama as of May 19 decided to appoint California lawyer John Roos, 54, as the next ambassador to Japan. This will be announced shortly. Roos headed the joint fund raising committee for Obama in California in last year's presidential election and had been an Obama supporter from an early stage.

Compared to Harvard University Professor Joseph Nye and former transportation secretary Norman Mineta, who had earlier been tipped for the post, Roos has no close links with Japan. His appointment as ambassador can be said to be a "reward" for his contributions to the campaign.

Recent ambassadors to Japan have consisted of the so-called "heavyweights," such as former vice president Walter Mondale and former Senate majority leader Howard Baker. The "selling point" of Roos, who is not a politician, is his close ties to the President, like his predecessor Thomas Schieffer.

Roos practiced law after graduating from Stanford University Law School. He first worked for a leading law firm in Los Angeles. As he told a Stanford law journal, he moved to Silicon Valley in 1985 in anticipation of the growth of information-technology companies and became involved in mergers and acquisitions of IT businesses. Regarding his political activities, he helped Democratic candidate Walter Mondale with his campaign for the presidency in 1984. His relationship with Obama deepened from the time he participated in a dinner party held in 2005. A few days before Obama announced his candidacy in February 2007, he held a fundraising party at his house.

Roos has been described as "one of the earliest and biggest fund raisers" in the presidential campaign" (New York Times). He is said to have been instrumental in raising enormous campaign funds through the Internet and other means.

5) U.S. envoy to Japan: Roos awarded for contributions to election campaign; Expected to play role of channel to the U.S. President

YOMIURI (Page 2) (Full)  
May 21, 2009

Etsunari Kurose, Washington

The U.S. Obama administration's designation on May 19 of John Roos, a 54-year-old lawyer from Silicon Valley in California, as the next ambassador to Japan is viewed as "a merit award" for the important

role he had played to raise funds for President Obama in the election campaign, according to a source close to Japan-U.S. relations. Roos is certainly to be a direct channel for Japan to the White House, like former Ambassador Schieffer, who is a close friend of former President Bush.

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Roos graduated from Stanford University's law school and he is currently chief executive officer of a law firm in Silicon Valley that handles the merger and acquisition of information technology businesses as its main area of business activities. Roos has had little to do with Japan. But some say Roos is fit for the role of strengthening economic ties with Japan through such activities as negotiating over the U.S. government's annual report of requests to the Japanese government for regulatory reforms.

The name of former Assistant Secretary of Defense Joseph Nye, who was recommended by Secretary of State Clinton and the Department of State, was eventually dropped. This can be taken as indicating that the president and the White House aimed to take the initiative in foreign policy toward Japan, "the most important ally in Asia."

6) "Unexpected choice" for Japan

YOMIURI (Page 2) (Abridged)  
May 21, 2009

California-based lawyer John Roos is now certain to be appointed ambassador to Japan. This choice, however, was unexpected to the Japanese government, according to a government source.

It was not until quite recently that the U.S. government informed the Japanese government of the decision to name Roos. A high-ranking official of the Japanese government, who had learned of the Roos appointment from yesterday's newspapers, looked displeased, saying, "I haven't heard anything about it." Roos is little known. Even the Foreign Ministry does not know much about him, according to a senior official of the Foreign Ministry. There are pending issues between Japan and the United States, such as realigning U.S. forces in Japan. The Defense Ministry, according to one of its senior officials, is also beginning to gather information in its own way about Roos' views concerning these issues.

For the Japanese government, however, the important factor is how close the ambassador to Japan is to the president, rather than how well the ambassador is known. Roos is reportedly close to President Obama, so some are expecting Roos to act as go-between with Obama.

7) Scholars knowledgeable about Japan, diplomats, political heavyweights, friends: ambassadors reflect Japan-U.S. relationship

NIKKEI (Page 2) (Full)  
May 21, 2009

From scholars knowledgeable about Japan, to diplomats, political heavyweights, and close friends of the president - U.S. ambassadors to Japan have reflected the state of and changes in the Japan-U.S. relationship at a particular time. Looking at the criteria for appointing ambassador to Japan, one can catch a glimpse of the United States' motive in selecting John Roos.

Most Japanese government officials perceive Roos's appointment as unexpected. "He probably does not know anybody in the Japanese government." However, others place hopes on him to serve as a powerful go-between for the Japan-U.S. relationship since "President Obama has picked somebody very close to him," (according to a senior Ministry of Foreign Affairs official).

Ambassadors to Japan in the 1960s were mostly scholars and diplomats

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who were knowledgeable about Japan, such as Harvard University Professor Edwin Reischauer. Ambassadors well-versed in the domestic

circumstances in Japan and the practice of diplomacy were needed to stabilize the bilateral relationship ruffled by the revision of the Japan-U.S. Security Treaty in 1960 and other events at that time.

With the intensification of Japan-U.S. trade friction in the 1970s, the appointment of political heavyweights became prominent. Michael Mansfield, who became ambassador in 1977, and Walter Mondale, Thomas Foley, and Howard Baker who served since the 1990s, were former vice presidents or U.S. Congressional leaders. It is believed that the appointment of heavyweights who exercised influence on the Congress was meant to prevent the trade frictions from undermining the very foundation of bilateral relations.

This trend changed under the second Bush administration. President George Bush appointed his longtime close friend Thomas Schieffer. Although Schieffer was not a political heavyweight, he is said to be "one of the ambassadors who was closest to the President," (according to a Republican Party source). His influence is thought to have been crucial in realizing the meeting between Mrs Sakie Yokota and other family members of the abduction victims with President Bush in 2006.

Ambassador-designate Roos is similar to Schieffer in that he was a major supporter of President Obama in the last election. It is possible that his personal relationship with Obama may be very helpful in resolving pending issues between Japan and the U.S. International University of Japan Professor Tomohito Shinoda (specializing in Japan-U.S. relations) gives the following comments: "Since the Obama administration is setting out new foreign policies, an individual who has no preconceptions or past experience may be better for Japan-U.S. relations."

#### Previous U.S. ambassadors to Japan

Name  
(date of appointment; former job) Type  
Edwin Reischauer  
(March 1961; born in Tokyo; scholar and Japan expert) A  
Alexis Johnson  
(September 1966; deputy under secretary of state) B  
Armin Meyer  
(May 1969; ambassador to Iran) B  
Robert Ingersoll  
(February 1972; director of Chicago Chamber of Commerce and Industry) D  
James Hodgson  
(June 1974; secretary of labor) D  
Michael Mansfield  
(April 1977; Democratic Senate floor leader) C  
Michael Armacost  
(April 1989; under secretary of state) B  
Walter Mondale  
(August 1993; vice president) C  
Thomas Foley  
(November 1997; House of Representatives speaker) C  
Howard Baker  
(May 2001; Republican Senate floor leader) C  
Thomas Schieffer  
(January 2005; joint owner of baseball team with president) E

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A = persons knowledgeable about Japan  
B = diplomats  
C = political heavyweights  
D = businessmen  
E = close friends

8) Japan should call for U.S. to drop preemptive nuke attack option

ASAHI (Page 4) (Full)  
May 21, 2009

Katsuya Okada, secretary general of the leading opposition Democratic Party of Japan (Minshuto), met the press yesterday at the Japan National Press Club. He said there: "The government has been

asking the United States not to remove the nuclear umbrella. It's quite inconsistent (of the government) to say something about nuclear elimination. The government should at least tell the United States not to use nuclear weapons first."

Okada also said: "In that case, the (U.S.) nuclear umbrella is half off. But if Japan should come under a nuclear attack, then the United States is not prohibited even from using nuclear weapons. I don't think it will become a serious obstacle to Japan's national security." Okada is enthusiastic about nonnuclear policy as he made a proposal in August last year to make Northeast Asia a nuclear-free zone.

9) Japan should take lead in int'l talks for nuke elimination: Shii

TOKYO SHIMBUN (Page 2) (Full)  
May 21, 2009

Kazuo Shii, chair of the Japanese Communist Party, met with Prime Minister Aso yesterday evening in the Diet and told Aso that there had been a reply from the U.S. Department of State to a letter Shii sent to U.S. President Obama to emphasize the elimination of nuclear weapons. Shii also told Aso that the Japanese government should take a proactive role to lead the international community in the direction of reducing nuclear weapons.

"I hope Japan, as the only atomic-bombed country, will take the initiative to start international negotiations for nuclear elimination," Shii said to Aso. Shii added: "A country that has nuclear weapons made an appeal (on nuclear elimination. That's the biggest meaning. I'm surprised, I'm paying attention." With this, Shii expressed appreciation for Obama's recent speech he delivered in Prague to promote elimination of all nuclear weapons. Aso took this view: "If we don't see progress on the nuclear issue of North Korea, it would be quite hard to go ahead with nuclear weapons elimination."

10) LDP to make utmost efforts to get extra budget-related bills through Lower House before end of month; Revision talks to enter critical stage next week

YOMIURI (Page 4) (Excerpts)  
May 21, 2009

The Liberal Democratic Party (LDP) and the Democratic Party of Japan (DPJ) began yesterday revision talks on bills related to the fiscal 2009 supplementary budget, which are now under deliberation in the House of Representatives. To avoid protracted deliberations in the

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House of Councillors, the ruling bloc plans to make every effort to reach a revision agreement so that the bills can clear the Lower House before the end of the month. The DPJ's stance is that the fate of the bills depends on the results of the revision talks. The talks are likely to enter a crucial phase next week.

Under talks are bills to amend three laws: the Development Bank of Japan law, the bank share holding limitation law, and the Shoko Chukin Bank law. A meeting was held yesterday in the Diet building between the LDP members who submitted the bills and the DPJ's Lower House Financial Affairs Committee directors to discuss how to proceed with the talks on the Development Bank and the bank share bills.

Separate from this, LDP Diet Affairs Committee deputy principal director Yoshitaka Murata assembled yesterday the directors of relevant committees and instructed them to work hard to get the bills passed through the Lower House this week, pointing out the need to secure a high degree of freedom in dissolving the Lower House.

But the directors intend to carry out the talks until next week, with one saying, "If we rush to a vote, the talks with the DPJ might collapse."

Coordination is underway between the government and the ruling camp

to extend the Diet session for 45 days through July 18. This plan incorporates the constitutional 60-day rule which allows the Lower House to readopt the tax reform-related bills that did not clear the Upper House due to opposition by the opposition parties.

The ruling bloc is considering forgoing the enactment of the capitalism anti-crisis measures bill, which is not urgent and is being opposed by the DPJ. The main opposition has already indicated that it would approve the bill to amend the Japan Society for the Promotion of Science law. If the DPJ approves the three bills, including the Development Bank bill, they would be enacted by extending the Diet session for 45 days. For this reason, the ruling parties attach importance to reaching an agreement through the revision talks.

11) Diet session likely be extend for about 50 days; Government, ruling coalition eyes Lower House election in August or later

MAINICHI (Page 1) (Full)  
May 21, 2009

The government and ruling parties yesterday began to consider an extension of the current Diet session for about 50 days into late July in order to enact the fiscal 2009 supplementary budget and related bills. In this connection, Prime Minister Taro Aso and New Komeito leader Akihiro Ota will hold talks late this month to make a decision on the matter. If the ongoing Diet session is extended, the possibility of the next House of Representatives election and the July 12 Tokyo Metropolitan Assembly election being on the same day will disappear, and the general election will likely be held in August or later.

Even if the opposition camp rejects a vote on the extra budget bill in the House of Councillors, the extra budget will automatically receive Diet approval. Of the key bills, it will be possible for a bill amending the National Pension Law to be put to an overriding

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vote on May 16 in the Lower House; the anti-piracy bill, on May 22; and a bill revising the special taxation measures law on July 22.

It is predicted, however, that the Lower House will take a vote next week on some of the five bills related to the extra budget, including a bill amending the Development Bank of Japan Law, which is aimed to strengthen support for corporations facing capital shortfalls. Therefore, it will be possible for the Lower House to take an override vote on them in late July.

For this reason, the dominant view in the ruling coalition is that it is necessary to extend the session into late July. Some Liberal Democratic Party (LDP) members have called for extending the session until early September.

12) Opposition parties oppose extension of Diet session

MAINICHI (Page 2) (Excerpts)  
May 21, 2009

The government and ruling parties have decided to substantially extend the current session of the Diet. The main opposition Democratic Party of Japan (DPJ), however, yesterday confirmed with the Social Democratic Party (SDP) and the People's New Party (PNP) that they will oppose the ruling coalition's decision. The DPJ now appears to be taking a strategy of bringing about the dissolution of the House of Representatives as early as possible, by agreeing to an early vote on the fiscal 2009 supplementary budget. With the inauguration of the new DPJ leadership led by President Yukio Hatoyama, the public support rates for the largest opposition party have risen. This means that the DPJ now has momentum leading into the next Lower House election.

The Diet affairs committee chairmen of the DPJ, DPJ and PNP met yesterday in the Diet building. They agreed on a policy of not unnecessarily dragging out deliberations at the Diet. DPJ Policy Research Committee Chairman Masayuki Naoshima told reporters yesterday in a strong tone: "It is clear that the ruling camp

predicts that they will be able to extend the session if the DPJ drags out deliberations." He added: "Since there are not many bills that need deliberations during the current session after (bills that are now being deliberated on) are settled, the Lower House should be dissolved as early as possible for a snap election."

The DPJ submitted a no-confidence motion against the Aso cabinet in late February, when the approval ratings for the Aso administration were about 10 PERCENT . At that time, it took a strategy of luring an early dissolution of the Lower House by fanning the flames of removing Aso from office.

13) Hatoyama-led DPJ to formulate manifesto featuring pension reform to differentiate itself from LDP

NIKKEI (Page 2) (Excerpts)  
May 21, 2009

The shadow cabinet of the major opposition Democratic Party of Japan (DPJ) met yesterday for the first time under President Yukio Hatoyama and began formulating the party's manifesto (campaign pledges) for the next House of Representatives election. To make a clear distinction with the Liberal Democratic Party (LDP), Hatoyama intends to put at the center a pension-reform plan like the one that

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guided the DPJ to an overwhelming victory in the 2007 House of Councillors election. The party also plans to review an explanation of revenue sources to which Secretary General Katsuya Okada attaches importance. But views in the party are split over Hatoyama's stock argument of constitutional revision and other policy issues. To what extent Hatoyama can display his policy imprint remains to be seen.

Policy Research Committee Chair Masayuki Naoshima met with Hatoyama and Okada at party headquarters on May 19 in which Naoshima proposed the establishment of an internal body to openly discuss the party's manifesto for the next election. The shadow cabinet meeting yesterday was also attended by former president Ichiro Ozawa, who is currently deputy president for election strategy. The meeting approved a policy course to set up a Naoshima-led manifesto preparatory committee as early as next week.

The committee's discussion will center on reform of the pension system. The DPJ aims at integrating occupation-specific pension programs into a single pension system that combines the tax-funded basic pension scheme and the income-proportional pension program. But details have yet to be nailed down, such as when to shift to the new system and when to raise the consumption tax to cover the cost.

During his presidential campaigning, Hatoyama said, "If it is shifted to the new system in 20-24 years, there is no need to decide to hike the consumption tax (now)." Okada, on the other hand, insisted, "Discussion needs to start now." Naoshima at a press conference yesterday expressed his plan to aim at sharing basic thinking.

How to secure revenue sources is another sticking point. Okada has been calling for the clarification of funding. The DPJ estimates the necessary cost for main policy steps, such as an income-subsidy system for farmers, at about 20 trillion yen. The party plans to cover the cost by eliminating wasteful spending and using "buried treasures," but such must be nailed down further. Some in the party share Okada's assertion and tax revenues are likely to decline due to the deteriorating economy. For this reason, the preparatory committee plans to review funding.

14) Formation of Okada group with membership of 60

SANKEI (Page 5) (Full)  
May 21, 2009

Democratic Party of Japan (DPJ) lawmakers, who supported DPJ Secretary General Katsuya Okada in Saturday's presidential election, held a party last night in Tokyo to establish a group supporting Okada. Okada lost to President Yukio Hatoyama in the leadership race. The group decided to hold meetings in the future as well. The



formation of the "Okada group" has resulted in a big change in the power matrix of the DPJ triggered by the presidential election.

The party, held at the New Otani Hotel in Kioicho, Tokyo, was suddenly had to be changed to a stand-up dinner party because as many as 60 DPJ members took part in it. Besides Okada, the participants included Vice President Seiji Maehara, Deputy Secretary General Yoshihiko Noda, Vice President Tatsuo Kawabata and their top group members, and many from the group led by Deputy President Naoto Kan.

According to a participant, the group decided that its members would

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carry out political activities to support Okada. Many participants, including Maehara, called for Okada to become the next party president. A mid-level lawmaker said: "We will support Mr. Okada and keep an eye on how the political situation will turn out."

"Since some groups have come under the leadership of Okada, the group is like the Okada Holdings Group," said another mid-level member. There is already a proposal floating around to call the group "Kyugo (95) no kai" after the number of votes he obtained in the election.

Prior to this event, Okada held a press conference at the Japan National Press Club. In it, he expressed his view that DPJ Deputy President Ichiro Ozawa, whose state-paid secretary has been indicted for accepting alleged illegal donations from Nishimatsu Construction Co., should fully fulfill his accountability for the donation scandal. He stated: "I have said that he should explain in an understandable way how the money was used. If the public still has a question, he should give a full account."

15) Government to make first upward revision of economic assessment in May report in three years to "Rate of deterioration has eased"

NIKKEI (Page 1) (Full)  
May 21, 2009

The Cabinet Office will revise its overall assessment of the economy upward for the first time in three years and three months in its May report due out on May 25. The April report noted: "The economy is worsening rapidly and is in a severe situation." In the latest report, the expression is changed to "the rate of deterioration has eased." Although the government will lower its assessment of employment conditions, reflecting their continuing deterioration, it will upgrade its views about exports and production, on which signs of bottoming out are appearing.

Economic and Fiscal Policy Minister Kaoru Yosano will submit the monthly report to a meeting of economy-related cabinet ministers on the 25th. Given the outbreak of the global financial crisis last fall and subsequent downturn in the Japanese economy, the government downgraded its overall economic assessment every month from October of last year through February. In May and April, this view was kept unchanged.

The first upward revision since February 2006 reflects signs of a halt in the drops in export and production volumes. Such volumes started declining last fall, but the index of exports in March rose on a seasonally adjusted basis for the first time in seven months. The index of industrial production in March also showed the first monthly increase in six months.

The April report said, "Exports are declining significantly," and "industrial production is declining very significantly." But the May report will upgrade these two assessments to "the drops are coming to an end."

On employment conditions, the April report said, "The situation is beginning to worsen rapidly," but the government will downgrade this view to "the situation is worsening rapidly," focusing on the jobless rate climbing to 4.8 percent in March. Regarding future prospects, the latest report will show the government's intention to continue to carefully watch negative factors for the economy, such

as large-scale layoffs.

A report released yesterday by the Cabinet Office showed a record postwar shrinkage of the gross domestic product (GDP) in the January-March period. But the view is gradually gaining ground that the Japanese economy hit bottom in the January-March quarter.

16) Finance Minister Yosano gives up on goal of bringing primary balance into black by fiscal 2011

TOKYO SHIMBUN (Page 2) (Full)  
May 21, 2009

Finance Minister Kaoru Yosano at a meeting of the Upper House Budget Committee on the afternoon of May 20 announced that he had given up on the government's fiscal reconstruction goal of bringing the primary balance into the black by fiscal 2011. He said, "The goal cannot be attained any longer."

This goal was incorporated in the basic policy guidelines on economic and fiscal management and structural reforms for the fiscal 2006 national budget, adopted at a meeting of the Koizumi cabinet.

Yosano pointed out the worsened fiscal conditions, saying, "Government bonds worth 10.8 trillion yen will be issued to finance the fiscal 2009 extra budget, which will push up obligations of the central and local governments as of the end of fiscal 2009 to 816 trillion yen or a 168 PERCENT of GDP." He acknowledged that it is impossible to secure an outlook for bringing the primary balance into the black, saying, "Chances are the goal cannot be achieved by fiscal 2011. On the contrary, we could be seven years, eight years or even 10 years behind schedule. The situation is very serious."

Yosano then said, "We must set a goal somewhere along the line. We are now looking into timeframes for halving deficits in the primary balance and for evening out the ratio of the outstanding government bonds to GDP." He thus indicated a plan to set a new goal in the basic policy guidelines for the fiscal 2009 budget to be compiled before the end of next month.

17) Greenhouse gases: 40 PERCENT cut by industrialized countries by 2020; negotiation paper for new framework includes large target figures

TOKYO SHIMBUN (Page 3) (Full)  
May 21, 2009

In an effort to create an international framework to combat climate change, which will replace the Kyoto Protocol, the chairman of the special taskforce for the UN Framework Convention on Climate Change has compiled a negotiation paper, which will serve as a basis for future talks. The document was revealed on May 20.

The paper will become a draft for a new accord, which will stipulate approaches to be made by all signatory nations, including the U.S., which opted out of the Kyoto Protocol, and developing countries, such as China, which are at present not obligated to cut greenhouse gas emissions.

The paper includes as a vision to be shared by various countries, mid-term and long-term CO2 reduction goals to be attained by industrialized countries as a whole. Though it does not give any

specific figures, it incorporates large figures as reduction targets, such as "25 PERCENT -40 PERCENT", "30 PERCENT" and "at least 40 PERCENT." Those figures are based on the points made by the Intergovernmental Panel on Climate Change (IPCC). The paper also cites major long-term reduction targets to be achieved by 2050, such as "75 PERCENT -85 PERCENT" and "more than 95 PERCENT." Commenting on the inclusion of substantial reduction proposals, a government source said, "The figures are harsh for an international agreement."

The inclusion of such figures will thus likely affect domestic discussions on the setting of a mid-term goal.

The paper also includes a reduction to be achieved by developing countries as a whole. As a mid-term goal, it incorporates "a substantial amount of" or "15 PERCENT -30 PERCENT " cuts by 2020 from the amount of carbon dioxide emitted when no measures are taken, and a 20 PERCENT cut in comparison with the 2000 level by 2050.

The paper also mentions such targets as to what level greenhouse gas concentrations in the atmosphere and temperature rise should be held down. Chances are that Japan might be urged to set such targets.

ZUMWALT